

~~SECRET~~

21 Feb 63

MEMORANDUM FOR: The Honorable
John A. McCone,
Director, Central Intelligence Agency

SUBJECT: Request for National Intelligence Estimate
on Ceylon

It appears probable that the suspension of U. S. aid to Ceylon will have political and economic repercussions of some significance for U. S. policy with respect to that country. We therefore propose that a National Intelligence Estimate be scheduled for Ceylon which will examine the probable nature of these repercussions and the outlook generally for Ceylon over the next few years. Suggested terms of reference are attached.

For maximum utility to the Department the NIE should be treated as a matter of some urgency. Representatives of this Bureau have already discussed the question of scheduling with representatives of the Office of National Estimates. The latter have indicated tentatively that a schedule permitting approval by the USIB on March 20 probably would be feasible. This date would be satisfactory to us.

Rog Hilman
Roger Hilman

Attachment:
Suggested Terms of Reference (~~SECRET~~)

(EXECUTIVE REGISTRY FILE State)

~~SECRET~~

~~SECRET~~

PROJECTED NIE ON CEYLON: SUGGESTED TERMS OF REFERENCE

The Problem

To estimate the main trends in Ceylon over the next few years.

I. POLITICAL

1. How is the Bloc likely to exploit the suspension of U. S. aid? Which segments of Ceylonese society are most vulnerable to anti-US and general anti-Western propaganda? Is anti-US feeling widespread? What effect on popular attitudes will the suspension of US aid have?
2. What are the prospects for political stability during the next few years? Is the Sri Lanka Freedom Party losing popular appeal? Is a general election likely to be called before 1965? What is the strength, present and potential, of the United National Party? The left extremist parties? The Tamil-oriented parties? What trends are discernible in the labor movement?
3. How would the departure of Mrs. Bandaranaike affect Ceylon's stability? What individuals and political forces would gain control of the Sri Lanka Freedom Party and the government? What policies would be pursued?
4. Is there a likelihood of another coup attempt, by either right or left? In what circumstances might the military establishment play a role in political affairs?

II. ECONOMIC

What effect is the recently announced suspension of US aid likely to have on Ceylon's economic development? Are Ceylon's aid and trade relations with the Bloc likely to expand? Is Ceylon likely to put into effect a coordinated and effective economic development program? What sort of an economy is developing in Ceylon and what are the likely political implications? What are the longer term prospects, with particular reference to population and employment prospects?

III. INTERNATIONAL AFFAIRS

Likely developments in Ceylon's relations with the US, the UK, Communist China, the Soviet Union and its East European satellites, and India. What will be its role in the United Nations? What is the state of its relations with the Maldiv Islands? What would be the significance of Ceylon's becoming a republic?

~~SECRET~~